



The Secretary of Energy
Washington, DC 20585

April 23, 2001

The Honorable Curt L. Hébert, Jr.
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Chairman Hébert:

I am pleased that your next Commission meeting agenda includes regional transmission organizations (RTO) West filings (Docket No. RT01-35-000) submitted in October and December 2000. I support the approach and processes described in the filings. The progress by the filing utilities and regional stakeholders in developing RTO West represents a fine example of regional coordination and leadership from both the public and the private sectors. Such collaboration serves to create transmission solutions that best fit Northwest needs and the guidelines of the Commission's Order 2000.

The Department of Energy fully supports the Commission's goals described in Order 2000. Specifically, the Commission has described the need for RTO to promote continued development of competitive electricity markets. The Department believes the RTO West proposal not only meets that goal, but also enhances reliability by consolidating operations into a single control area and planning transmission expansion on a regional basis. The need for the Northwest to effectively address reliability issues is one of the region's greatest challenges.

Further, the RTO West proposal for creating a nonprofit, independent system operator, allowing participating utilities to retain ownership of their transmission facilities, appears to be the only viable proposal that facilitates participation by a Federal entity, in this case the Bonneville Power Administration (Bonneville). This model also allows participation by publicly owned transmission systems, an important aspect of the Commission's open architecture concept outlined in Order 2000. The Department would like to express its support for Bonneville participation in RTO West's development. We believe its participation is key to the creation of a successful RTO for the region. Bonneville has 75 percent of the high voltage transmission in the Northwest and connects the majority of participating utilities in the proposed geographic region of RTO West.



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The progress to develop RTO West is the result of a strong public collaborative process. Representatives from the entire region, including small public utilities, Tribal representatives, consumer advocacy groups, State regulatory commissions, marketers, environmental groups, large industrial customers, and generating public utilities, have participated in each stage of the development of RTO West. As the parties involved continue to refine the RTO West proposal, I am confident this collaborative process will allow constructive debate and deliberation to continue until appropriate resolutions to the issues are achieved.

I am aware that some believe a single RTO in the Western United States is a better solution than the regional approach proposed. The Department supports the development of seamless electricity markets. However, we believe the best way to achieve this goal is to take thoughtful first steps that the region can support. Those steps include developing new regional transmission solutions that take into account regional history and utility practices for solving regional problems. The RTO West proposal does just that, while calling for the development of seams agreements with neighboring RTOs to create the seamless electricity markets sought in Order 2000.

As a practical matter, this approach may be necessary in the Northwest to maintain support for an RTO, given the fears that California's problems will be imported to a West-wide RTO. I believe the best way to achieve the balance between a healthy Western electricity market and regional reliability needs is to create strong, regional RTOs and allow them to develop seamless market interfaces.

In closing, I again want to convey my support for the Commission's goals and encourage your immediate action in support of the RTO West proposal. The October and December filings provide the Commission a proposal that is workable while satisfying the needs of the region's varied constituents and the Commission's goals as expressed in Order 2000. It is important that we develop solutions that the region can live with and that provide reliable transmission service to the citizens of the region. We hope the Commission's ruling on the proposal next week will further provide clarity to the RTO West proposal and facilitate its progress in a timely manner acceptable to the Northwest.

Sincerely,

A handwritten signature in black ink, appearing to read "Spencer Abraham", written in a cursive style.

Spencer Abraham

cc: Commissioner Linda Key Breathitt
Commissioner William L. Massey